

**A Laboratory Experiment in Free Market Capitalism (?)
How and Why Neo-classical Economics
Got Hong Kong's Development Wrong**

By

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Synopsis: Among the most successful cases of economic growth and development in the last 50 years, and with Milton Friedman describing it as 'a laboratory experiment in free market capitalism', Hong Kong – for neo-classical theory - has attained iconic status. This interpretation of Hong Kong as a free market success story, however, was only possible by ignoring key factors (such as state-owned land and subsidies to capital accumulation) that did not fit with neoclassical assumptions. This talk will critically interrogate the neoclassical explanation in order to show that government intervention has been much more significant to Hong Kong's development story than neoclassical theory could countenance. Among other things, it will explore the reasons for such intellectual 'silences' and point to some of the wider implications of these lacunae for neoclassical prescriptions for growth and development elsewhere.

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